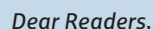




# 04-2021



Just about two years ago, we started hearing the initial reports about the coronavirus. Since then, the virus has been having an impact on every aspect of our lives and has brought about more than just a few changes. The effects have been palpable in the real estate sector as well and continue making themselves felt to this day. Still, an investment volume of around € 60 billion in the German commercial property sector in 2021 suggests that the demand for real estate remains very high – and that the asset class itself has lost none of its appeal.

*This positive trend is also reflected in the Euro Score. Despite seeing a slight decline in the fourth quarter following months of gains, the increase of 12.6 % year on year indicates that the real estate market has recovered overall. The hope remains that the spread of the coronavirus can be contained once again in 2022. In addition to the challenges posed by the pandemic, the key issues we see are inflation, central bank policy and the development of interest rates.*

Kind regards  
Frank Schrader

Frank Miller

DEUTSCHE HYPO EURO-SCORE

257.9

## REECOX EURO SCORE FALLS SLIGHTLY AS THE YEAR ENDS

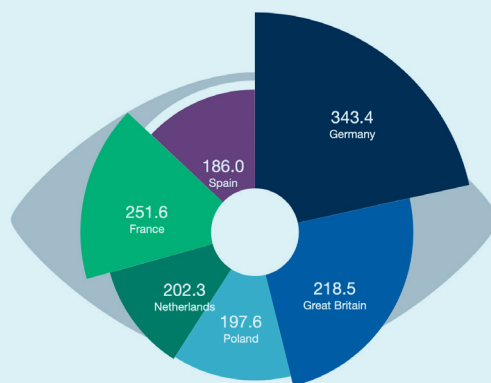
Despite the clear evidence of an overwhelmingly positive trend in the most recent quarterly reports and some significant growth in the European real estate sector (as measured by the Euro Score), the tendency towards the end of the year was rather sobering. Having closed December at 257.9 points, the Deutsche Hypo REECOX (Euro Score) fell by 1.5 % compared to the previous quarter. While October saw gains (+1.1 %), November (-2.3 %) and December (-0.3 %) were beset by losses. Overall, the Euro Score increased by a remarkable 12.6 % last year. The last time a rise of this nature was observable over the course of a year was in 2013.

Towards the end of the year, the majority of the countries monitored by the REECOX exhibited downward trends – albeit to a different extent in each case. The clearest negative movement was in Germany (-3.2 %) and the United Kingdom (-2.0 %), whereas the Polish and Dutch real estate

sector indices more or less stagnated (-0.5 % each). The REECOX France stood out for all the right reasons in the final quarter of 2021. By rising 3.3 % to 251.6 points at the end of the year, the index posted the strongest growth in Europe.

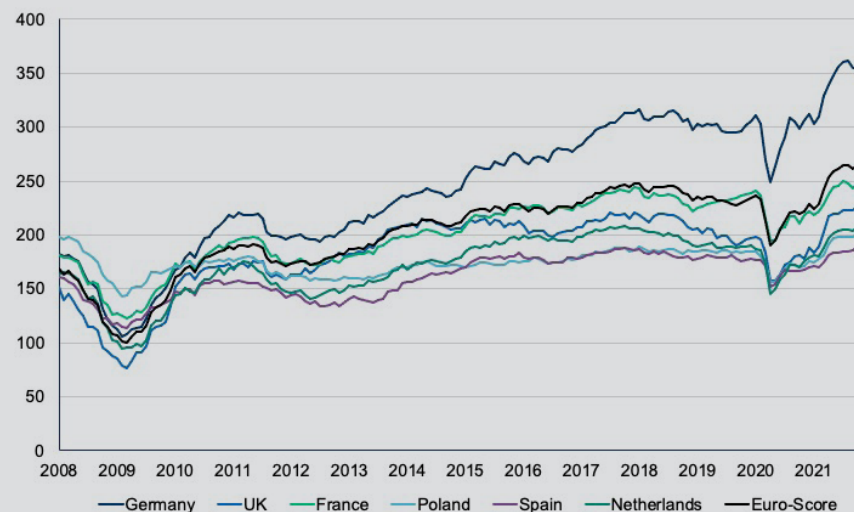
Over the course of 2021 as a whole, however, every country monitored saw an increase without exception. The steepest rises were reported in the United Kingdom (+16.2 %), followed by France (+13.3 %) and the Netherlands (+13.2 %). Both Poland (+12.4 %) and Germany (+10.0 %) also posted double-digit growth rates compared to the previous year. Although the REECOX Spain was the worst-performing index, at +9.5 %, it was the only one to remain positive in every quarter.

## DEUTSCHE HYPO REECOX-EYE



The Deutsche Hypo REECOX-Eye shows the current value of each real estate market compared to the others (length of iris) and the size of the respective investment market (breadth of iris).

## Real estate economy until December 2021





## DUTCH REAL ESTATE SECTOR SHOWING NO SIGNS OF WEAKNESSES

Following an increase of 2.5 % at the start of the fourth quarter, the months of November (-1.7 %) and December (-1.3 %) were marked by losses. As in the previous quarter, the Dutch REECOX once again fell 0.5 % to 202.3 points at the end of the year. Compared to the final value in 2020 (roughly 179 points), a double-digit gain of 13.2 % was recorded.

Meanwhile, the development of the input variables was somewhat contradictory. The blue-chip index AEX recorded positive development over the course of the year to end December at 797.9 points. The FTSE EPRA/NAREIT Netherlands real estate share index, however, took a different path. Following a significant decrease in the previous quarter, it saw a sharp double-digit rise of 17.0 % to approximately 496.8 points at the end of the year, setting a record for 2021 in the process. This upturn was attributable in particular to the 15.5 % increase in share prices in October. The Dutch business climate, as measured by the Economic Sentiment Indicator (ESI), developed negatively for the second quarter in a row, losing -4.3 % to stand at 106.2 points.

## COMMENT ON THE MARKET

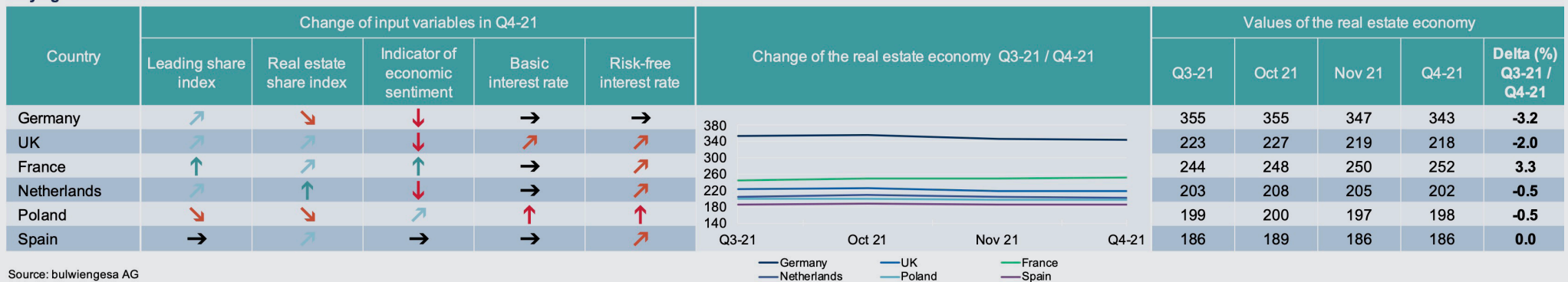


Wouter de Bever,  
Managing Director  
Office Amsterdam

“Towards the end of the year, the Dutch real estate sector did not record any significant changes compared to the previous quarters. As before, money is finding its way into the market and into the secure and attractive investment option that is real estate. Although the Dutch real estate market proved itself to be generally robust in the past year, there are significant differences between the individual asset classes. Logistics properties, in particular, are in high demand and viewed by many investors as a safe haven – something that reflects in the development of returns. At up to 3 %, returns have reached a historic low for the logistics property sector. The situation is similar when it comes to residential properties, which continue to be as popular as ever. Hotel properties still face obstacles, with the further development of the pandemic acting as the decisive factor. The same is true for retail properties. However, the sector has already started responding to the structural and pandemic-related challenges with strategies focusing on reuse and mixed-use concepts.”

*“Logistics properties, in particular, are in high demand and viewed by many investors as a safe haven”*

### Key figures of the real estate economies



### PUBLICATION DETAILS

#### Responsible for content:

bulwiengesa AG, Laura Hahn  
Hahn@bulwiengesa.de  
Nymphenburger Straße 5, 80335 München  
Tel.: +49 89 23 23 76-41

#### Responsible for publication:

Norddeutsche Landesbank – Girozentrale  
Deutsche Hypo – NORD/LB Real Estate Finance  
Franziska Pöppel,  
Franziska.Poepfel@deutsche-hypo.de  
Osterstraße 31, 30159 Hannover  
Tel.: +49 511 3045-552

**Disclaimer:** The calculations presented in this publication were prepared by bulwiengesa to the best of their knowledge and with due care. Liability is assumed for material correctness within the scope of standard due diligence.

**DEUTSCHE/HYPO**  
NORD/LB Real Estate Finance

**NORD/LB**